

# NOMINATION COMMITTEE REPORT



*The Board believes that having variety in its composition is important for a healthy and effective Board*

Having the right Board structure and composition remain the focus of the Nomination Committee. We continue to embrace Boardroom diversity in our reviews.

**Chairman:** The Hon. Sir Michael Kadoorie (Non-Executive Chairman)

**Members:** Dr the Hon. Sir David K.P. Li (INED)  
Dr William K.L. Fung (INED)

## Our Role

The key role of our Nomination Committee is to keep under review the size, structure and composition of the Board. This includes the selection of new Directors for the purpose of replacement and/or maintaining an appropriate, adequate and balanced make-up of the Board that could effectively discharge its responsibilities and the review of independence of INEDs. The Nomination Committee met once in 2016 and also dealt with matters by written resolution.

## Main Activities in 2016

The Nomination Committee conducted the following business in 2016:

- Assessed and reviewed all INEDs' confirmations of independence and affirmed the Committee's view over their independence

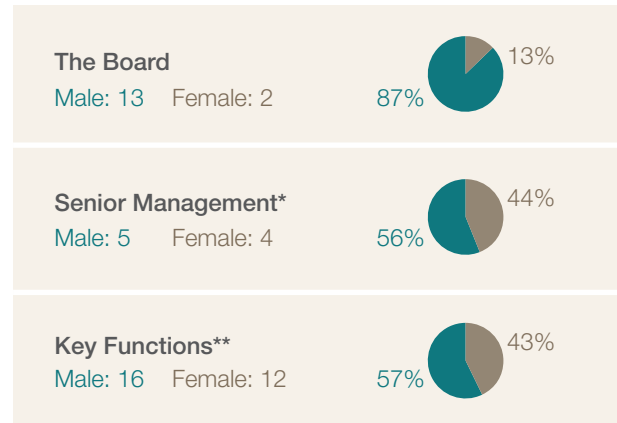
- Recommended the re-election of retiring Directors as these Directors continue to contribute effectively
- Reviewed the structure, size and composition of the Board and the split between number of INEDs, Non-Executive Directors and Executive Directors
- Reviewed the value of having measurable objectives for implementing the Board Diversity Policy
- Reviewed and confirmed the terms of reference of the Committee with no change
- Reviewed the formalised changes of Board Diversity Policy
- Reviewed the 2015 Nomination Committee Report

## Boardroom Diversity

The Board believes that having variety in its composition is important for a healthy and effective Board. The Board in March 2013 adopted its diversity policy, which can be found on the Company's website.<sup>15</sup> The Company approaches diversity in the broadest sense, recognising the benefits of a diverse mix of skills, knowledge, age, race, gender and experience on its Board including accounting, banking, business strategies, finance, investment, legal, corporate and public sector management, hospitality, luxury retail market, online-retail and international business experience. The Nomination Committee, when considering Board composition and in its process of recommending Board appointments, is guided by the principles of the Company's policy on diversity. While we recognise the gender diversity at Board level can be improved and this is taken into consideration, we continue to apply the principle of appointments based on merit. As mentioned in last year report, our Committee continued with that diversity approach set the objectives to our external search consultants identifying Dr Kim Winser and Mr Matthew Lawson as our INED and Chief Financial Officer who joined our Board on 1 January 2016 and 3 May 2016 respectively.

The Nomination Committee considered that the HSH Board has in place a diverse mix of skills, knowledge and experience, as well as increased gender diversity with the appointment of the two female members on the Board. The Committee reviewed the appropriateness of an express diversity quota or measurable objective, and concluded that it was not necessary, and the selection would continue to be based on merit with reference to our diversity policy in terms of skill set, experience, knowledge, expertise, culture, level of independence from the Company, age, race and gender. This approach is approved by the Board.

Our diversity philosophy does not end at the Board level but is carried out throughout the Group. Gender diversity of the Board and management as at the date of this report is set out below:



\* Inclusive of 3 Executive Directors and exclusive of Mr PT Wong who was on the Group Management Board until December 2016

\*\* Key Functions include General Managers of Operations and Heads of Corporate Departments but do not include members of senior management who also hold a functional role at operations or corporate office

The Company has taken, and continues to take, steps to promote diversity, including gender, at management levels. The Company has policies on equal opportunities and policies against discrimination with regard to gender in relation to recruitment and promotion as well as family friendly employment practices. Active steps were taken in promoting diversity in recruitment.

On behalf of the Nomination Committee

The Hon. Sir Michael Kadoorie  
 Chairman of the Nomination Committee  
 20 March 2017